

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 731 - HB 793

March 2, 2017

SUMMARY OF BILL: Prohibits local education agencies (LEAs) from raising the salary or compensation of the director of schools to level higher than that of the Governor.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Local funding that would have otherwise been used for director salary increases may be reallocated to other local budget items; the extent and timing of any such reallocations are dependent on unknown factors and cannot be reasonably quantified.

Assumptions:

- The Governor of Tennessee currently has an annual salary of \$187,680.
- Based on information from the Comptroller of the Treasury, there are at least four school districts that currently pay their director of schools more than \$187,680.
- This bill does not reduce the current salaries of current directors of schools; however any future increases above what the Governor makes would not be permitted.
- Pursuant to Tenn. Code Ann. § 49-3-314, LEAs must maintain their current level of local funding for education in the next fiscal year, unless the LEA has a reduction in enrollment.
- Local expenditures for education may be reallocated from the LEA director's salary to another budget item if the director would have received an increase in salary or compensation that would place such salary or compensation higher than the Governor's. The precise amount of this reallocation cannot be reasonably quantified and is dependent upon multiple unknown factors including but not limited to, the fiscal year in which the director of schools would have received an increase in salary or compensation that would be prohibited under this bill; the amount of any such future increase; and the budget of the LEA.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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